

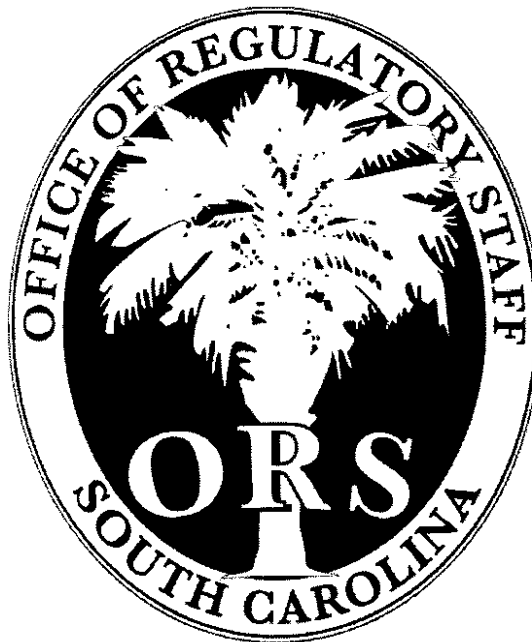
THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY AND EXHIBITS

OF

DANIEL F. SULLIVAN

JUNE 25, 2008



DOCKET NO. 2008-4-G

**ANNUAL REVIEW OF PURCHASED GAS
ADJUSTMENT AND GAS PURCHASING
POLICIES OF PIEDMONT NATURAL GAS
COMPANY, INC.**

June 25, 2008

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DIRECT TESTIMONY OF DANIEL F. SULLIVAN

FOR

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2008-4-G

**IN RE: ANNUAL REVIEW OF PURCHASED GAS ADJUSTMENT AND GAS
PURCHASING POLICIES OF PIEDMONT NATURAL GAS COMPANY, INC.**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND
OCCUPATION.**

A. My name is Daniel F. Sullivan. My business address is 1441 Main Street,
Suite 300, Columbia, South Carolina, 29201. I am employed by the Office of
Regulatory Staff ("ORS") as an auditor.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND
EXPERIENCE.**

A. I received a B.S. Degree in Business Administration, with a major in
Accounting from the University of South Carolina in December 1998. From
February 1999 to February 2005, I was employed as an auditor with the South
Carolina State Auditor's Office. In that capacity, I performed audits and reviews of
cost reports filed by institutional providers of Medicaid services for the South
Carolina Department of Health and Human Services. The primary purpose of those
audits and reviews was to establish the applicable reimbursement rates to be paid to
Medicaid providers for services rendered to qualified Medicaid patients. In
February 2005, I began my employment with ORS and since then have been

**THE OFFICE OF REGULATORY STAFF
1441 Main Street, Suite 300
Columbia, SC 29201**

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involved in cases dealing with the regulation of gas, water and wastewater companies.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY INVOLVING
PIEDMONT NATURAL GAS COMPANY, INC.?**

A. The purpose of my testimony is to set forth findings resulting from ORS's examination of Piedmont Natural Gas Company, Inc.'s ("Company" or "Piedmont") deferred account #253.04 for the period April 1, 2007 through March 31, 2008.

**Q. IN CONNECTION WITH YOUR TESTIMONY, DID YOU PREPARE OR
CAUSE TO BE PREPARED ANY EXHIBITS?**

A. Yes, the Audit Staff has prepared Audit Exhibit DFS-1, titled "Account #253.04 Analysis Summary", Audit Exhibit DFS-2, titled "Storage Inventory Activity" and Audit Exhibit DFS-3, titled "Risk Management - Hedging Program", in connection with this testimony.

**Q. ON WHAT AUTHORITY DOES THE ORS MONITOR THE ACTIVITY IN
PIEDMONT'S DEFERRED ACCOUNT #253.04?**

A. In Docket No. 83-126-G and 86-217-G, Order No. 88-294, the Public Service Commission ("Commission") found that:

- (1) A true-up for differences between billed and filed rates is appropriate and necessary to assure that Piedmont's customers pay no more than Piedmont's actual cost of gas.

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(2) A true-up of demand charges for changes in sales volumes is appropriate and necessary to assure that Piedmont's customers pay no more than Piedmont's actual cost of gas.

(3) The Company is to maintain an account reflecting its gas costs each month, the amount of gas costs recovered each month, and amounts deferred from month to month. The Company is also required to file with the Commission, a report on a monthly basis showing the status of this deferred account.

Additionally, with the issuance of Order No. 2002-223 dated March 26, 2002 in Docket No. 2001-410-G, the Company is required to file regular reports on the status of the hedging program and the results of its hedging activities.

Q. HAS ORS CONDUCTED THE COMMISSION REQUIRED EXAMINATION OF THE COMPANY'S DEFERRED ACCOUNT?

A. Yes. ORS has examined the activities included in deferred account #253.04. In addition, ORS has examined the Company's gas storage inventory accounts and account #191.01, Deferred Account Hedging Program, for the period April 2007 through March 2008.

Q. PLEASE EXPLAIN AUDIT EXHIBIT DFS-1 AND WHAT IS REFLECTED ON THAT EXHIBIT.

A. Audit Exhibit DFS-1 presents, for each month of the period under examination, the components which contribute to the Company's over/under collection in deferred account #253.04. These components are:

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1 **Commodity True-Up (Billed vs. Filed rates)** - These amounts represent the
2 difference in the Company's actual gas costs on a monthly basis as compared to the
3 benchmark cost of gas included in the Company's Gas Cost Recovery Mechanism
4 ("GCRM") filings during the period. The Company's benchmark cost of gas at the
5 beginning of the period was \$7.50, established as a result of the Company filing
6 GCRM #120, effective January 1, 2007. Effective August 1, 2007, the Company
7 filed GCRM #121 with the Commission which increased the benchmark cost of gas
8 from \$7.50 to \$8.50. On a Carolinas System basis, actual gas costs are computed
9 and compared to the benchmark cost and any difference is allocated to South
10 Carolina operations based on the current month's sales percentage. Commodity
11 True-Up for the period decreased the under-collection by \$4,489,888.

12 **Demand True-Up** - These amounts represent the over or under-collection of
13 demand charges incurred by the Company as compared to demand charges billed
14 and collected from customers. Total demand charges incurred are computed and
15 allocated to South Carolina operations based on the design day factor established by
16 the Commission in Order No. 2002-761 dated November 1, 2002, approving new
17 rates and charges issued in Docket No. 2002-63-G. Effective November 2005, the
18 design day factor for demand allocation to South Carolina operations changed from
19 the previously approved 15.81% to 16.16%. This change in allocation resulted
20 from the Commission's approval of the Company's election to participate in the
21 Rate Stabilization Act ("RSA") program. Demand true-up for the period increased
22 the under-collection by \$6,725,528.

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1 **Negotiated Losses** - In competition with alternate fuels, the Company's GCRM
2 allows it to maintain its industrial load by selling gas at less than the approved tariff
3 resulting in margin losses. Negotiated losses for the period increased the under-
4 collection by \$1,162,995.

5 **Secondary Market Sharing** - Effective with new rates approved in Docket No.
6 2002-63-G, Order No. 2002-761 dated November 1, 2002, the Company now
7 credits 75% of the margin from off-system sales and from capacity release
8 transactions to deferred account #253.04. The remaining 25% is retained by the
9 company. The same Order also provided that capacity release credits and off-
10 system sales would be allocated to South Carolina using the same design day
11 methodology approved for fixed demand costs. Shared margins and capacity
12 release credits for the period reduced the under-collection by \$6,445,405. It should
13 be noted that in compliance with Order No. 95-1461 dated August 22, 1995, issued
14 in Docket No. 95-160-G, the Company is reporting capacity release activity. These
15 capacity release credits totaling \$3,540,175 are included in the total of \$6,445,405
16 listed above for secondary market sharing.

17 **Proration Adjustment** - The proration adjustment is made as a result of cycle
18 billing and necessitated as a result of the filing of GCRM #121 effective August 1,
19 2007. This proration adjustment decreased the under-collection by \$107,724.

20 **Weather Normalization** - In compliance with Order No. 95-1649 dated November
21 7, 1995, issued in Docket No. 95-715-G, the Company began recording in deferred
22 account #253.04 weather normalization effective for the winter heating season of
23 November 1, 1996 through March 31, 1997. The weather normalization adjustment

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1 is designed to increase or decrease the margin component of the rate based on a
2 comparison of actual weather conditions, during the period, to normal weather
3 conditions. Weather normalization adjustments for the twelve months ended March
4 31, 2008 increased the under-collection by \$4,848,866 as a result of warmer than
5 normal weather for the 2007-2008 heating season.

6 **Unaccounted For (Annual Line Loss Adjustment)** - The annual line loss
7 adjustment reflects a true-up of calculated "unaccounted for" and "company use"
8 fuels charged to the customers as compared with the actual losses experienced
9 during the period. This is an annual adjustment required by the Company's GCRM,
10 and for the twelve months ended March 31, 2008, reduced the under-collection by
11 \$939,006.

12 **Uncollectible Gas Cost Recovery** - In Docket No. 2006-4-G, Order No. 2006-527
13 dated October 11, 2006, the Commission approved the company's request to
14 remove uncollectible gas cost expense from its cost of service and authorized the
15 recovery of these costs through the company's gas cost deferred account #253.04.
16 Under this revised methodology, the commodity cost of gas portion of uncollectible
17 accounts is now a component of deferred account #253.04. The balance of the
18 uncollectible accounts expensed, including the company's margin, will be
19 recovered through their RSA filing. The uncollectible gas cost adjustment
20 increased the under-collection during the period by \$758,886.

21 **Supplier Refunds** - The Company received supplier refunds totaling \$976,741 for
22 the twelve months ended March 31, 2008. South Carolinas allocation of these
23 refunds results in a decrease to the under-collection of \$157,364.

1 **Hedging Activity Transfer** - In Docket No. 2006-4-G, Order No. 2006-527 dated
2 October 11, 2006, the Commission authorized the Company to transfer the balance
3 of its cumulative hedging gains or losses to deferred account #253.04 on a monthly
4 basis, effective November 1, 2006. In November 2007, the Company transferred its
5 cumulative hedging losses as of November 30, 2007, totaling \$6,636,701, to
6 deferred account #253.04. Starting in December 2007, the Company began
7 transferring its monthly hedging activity to deferred account #253.04 on a monthly
8 basis. Transfer of the cumulative hedging losses in November 2007 and the
9 monthly hedging gains in the subsequent months resulted in an increase to the
10 under-collection of \$5,390,352.

11 **Accrued Interest** - In Docket No. 98-004-G, Order No. 98-618 dated August 11,
12 1998, the Commission ruled that the actual earned overall rate of return should be
13 utilized in computing interest on the deferred account balance. In Docket No.
14 2000-004-G, Order No. 2000-707 dated August 25, 2000, the Commission found
15 that interest on the deferred account should be limited to the lower of the authorized
16 overall rate of return or the actual earned overall rate of return. In Docket No.
17 2006-4-G, order No. 2006-527 the Commission ordered that, effective November 1,
18 2006, the interest rate applicable to balances in Piedmont's account #253.04 be
19 fixed at 7.00%. The Company used the Commission ordered rate of 7.00% in
20 calculating accrued interest on deferred account #253.04 during the period and the
21 result is an increase in the under-collection of \$494,265.

22 **Q. WHAT IS INCLUDED IN AUDIT EXHIBIT DFS-2, STORAGE**
23 **INVENTORY ACTIVITY?**

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1 A. During the PGA, the Company provided ORS with detailed inventory
2 calculations of its underground and liquefied natural gas (LNG) storage facilities.
3 ORS accumulated the various inventory levels by storage location in total, and
4 includes a summary of them in Audit Exhibit DFS-2, for Commission
5 consideration.

6 The Company has contracted with seven underground storage facilities. Five
7 of these facilities are on the Transco System, including General Storage Service and
8 General Storage Service - Dominion located in Pennsylvania, Washington Storage
9 Service located in Louisiana, Eminence Storage Service located in Mississippi and
10 Hattiesburg Storage Service located in Hattiesburg, Mississippi. The sixth and
11 seventh underground storage facilities are on the Columbia Gas Transmission
12 System. The first is owned by Columbia Gas Transmission Corporation and
13 operated by Columbia Gas Storage, a Firm Storage Service, with storage facilities
14 in Pennsylvania, Virginia, and West Virginia. The second is Hardy Storage
15 Company, located in West Virginia, which is jointly owned by Columbia Gas
16 Transmission Corporation and Piedmont. Audit Exhibit DFS-2, "Total
17 Underground" section, details the inventory activities of these underground
18 facilities in total. The inventory located in the seven underground facilities at the
19 beginning of the review period totaled 8,183,512 dekatherms at a total cost of
20 \$62,356,982 or a weighted average cost of \$7.6198 per dekatherm. The net
21 inventory increased during the period, including injections, withdrawals and other
22 related activities, resulting in an ending inventory balance for the underground
23 facilities of 8,967,261 dekatherms at a total cost of \$68,893,624, or a weighted

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1 average cost per dekatherm of \$7.6828. During its examination, ORS obtained
2 verification from the storage facility operators of the volumes stored in each of
3 these facilities at the close of the review period.

4 Audit Exhibit DFS-2 also contains a section called "Total LNG" which is a
5 summary of the various LNG inventories maintained by the Company, including
6 Pine Needle. Pine Needle is an LNG facility located in Guilford County, North
7 Carolina and is jointly owned by Piedmont, Transco and several other utilities
8 and/or investors. Inventory is also stored at the Company's LNG facilities located
9 near Charlotte, North Carolina and at LNG-NCNG located at Four Oaks, North
10 Carolina. Piedmont's records indicated LNG inventory located in these facilities at
11 the beginning of the period totaled 2,781,532 dekatherms at a total cost of
12 \$20,906,981, or a weighted average cost of \$7.5164 per dekatherm. The net
13 inventory decreased during the period, including injections, withdrawals and other
14 related activities, resulting in an ending LNG inventory balance for these three
15 facilities of 2,301,007 dekatherms at a total cost of \$17,841,479 or a weighted
16 average cost per dekatherm of \$7.7538. During its examination, ORS verified
17 injections and withdrawals to the daily storage activity worksheets for each facility
18 and the calculation of ending inventory balances.

19 **Q. WHAT IS INCLUDED ON AUDIT EXHIBIT DFS-3, RISK**
20 **MANAGEMENT-HEDGING PROGRAM?**

21 **A.** Audit Exhibit DFS-3 details the results of the Company's hedging program
22 for the period. These results are reflected in gains or losses, on a monthly basis, net
23 of brokerage fees and commissions, resulting from the purchase of options to buy

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1 gas futures contracts (Call Options) and the purchase of options to sell gas futures
2 contracts (Put Options). The Company purchased these Call and Put options at
3 various strike prices. The strike price is the specified price at which a gas futures
4 contract could be bought or sold if the options were exercised. During the twelve
5 months ended March 31, 2008 the Company purchased a net of 2,339 option
6 contracts. The purchases and/or sales of these options were verified by tracing
7 these transactions to the broker statements in detail.

8 In Docket No. 2006-4-G, Order No. 2006-527 the Commission authorized
9 the Company, effective November 1, 2006, to transfer the balance of its cumulative
10 hedging gains or losses to account #253.04 on a monthly basis. The Commission
11 also ordered effective November 1, 2006, the interest rate applicable to balances in
12 Piedmont's account #253.04 shall be fixed at 7.00%. For the period, the Company
13 calculated interest on the average monthly hedging balance using an annual interest
14 rate of 7.00% for the months of April 2007 - October 2007. As indicated by the
15 caption "Hedging Activity Transfer" on Exhibit DFS-1, the Company transferred
16 the cumulative hedging loss of \$6,636,701 in the hedging program to deferred
17 account #253.04 in November 2007. This amount agrees with the cumulative loss
18 as of November 2007 as shown on Audit Exhibit DFS-3. For November 2007,
19 interest on the cumulative balance of \$6,636,701 was not calculated as part of the
20 hedging program but was calculated as part of the interest calculation in deferred
21 account #253.04. Beginning in December 2007, the monthly net hedging gains or
22 losses before interest were transferred to deferred account #253.04 and included as
23 part of the interest calculation on deferred account #253.04.

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1 As indicated on Audit Exhibit DFS-3, the cumulative loss at the end of the
2 period for the hedging program is \$5,390,352.

3 **Q. WHAT ARE ORS'S FINDINGS REGARDING PIEDMONT'S DEFERRED**
4 **ACCOUNT #253.04?**

5 **A.** Based on our examination, it is the opinion of ORS that Account 253.04 is
6 accurately stated and that the balance of \$8,936,406 fairly represents the Company's
7 under-collection balance as of March 31, 2008.

8 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

9 **A.** Yes, it does.

AUDIT EXHIBIT DFS-1

**PIEDMONT NATURAL GAS COMPANY, INC.
ACCOUNT #253.04 ANALYSIS SUMMARY
FOR TWELVE MONTHS ENDED MARCH 31, 2008**

Month	2007						2008						Total
	April	May	June	July	August	September	October	November	December	January	February	March	
Beginning Balance	\$ 1,694,901	\$ 2,053,741	\$ 3,521,863	\$ 5,293,732	\$ 6,724,692	\$ 6,768,135	\$ 6,179,138	\$ 6,610,491	\$ 12,846,884	\$ 11,677,250	\$ 9,522,852	\$ 8,463,476	\$
Commodity True-Up (B vs. F)	415,461	421,340	501,380	(25,800)	(602,831)	(689,028)	(720,818)	(1,374,167)	(1,434,344)	(2,063,678)	81,450	1,001,147	(4,489,888)
Demand True-Up	705,425	1,182,677	1,393,319	1,595,364	1,371,714	1,459,510	1,491,255	794,519	(229,786)	(1,246,610)	(1,323,225)	(468,634)	6,725,528
Negotiated Losses	36,580	50,980	30,899	44,030	160,591	106,059	134,529	147,965	140,867	155,932	81,985	72,558	1,162,995
Secondary Market Sharing	(860,587)	(329,216)	(374,399)	(365,770)	(836,450)	(539,366)	(504,087)	(433,595)	(374,816)	(766,948)	(538,543)	(521,628)	(6,445,405)
Benchmark Proration	0	0	0	0	(107,724)	0	0	0	0	0	0	0	(107,724)
WNA	3,114	318	460	176	181	(15)	12	430,614	1,010,488	1,832,317	1,072,493	498,708	4,848,866
Unaccounted For	0	0	0	0	0	(939,006)	0	0	0	0	0	0	(939,006)
SC Uncollectibles	47,945	125,808	194,581	148,606	115,193	34,502	(6,733)	(22,170)	(1,303)	46,602	61,132	14,723	758,886
Supplier Refunds	0	0	(8)	(598)	(96,471)	(59,306)	0	(60)	0	0	0	(921)	(157,364)
Hedging Activity Transfer	0	0	0	0	0	0	0	6,636,701	(352,061)	(173,687)	(546,976)	(173,625)	5,390,352
Ending Balance Before Interest	2,042,839	3,505,648	5,268,095	6,689,740	6,728,895	6,141,485	6,573,296	12,790,298	11,605,929	9,461,198	8,411,168	8,885,804	494,265
Interest	10,902	16,215	25,637	34,952	39,240	37,653	37,195	56,586	71,321	61,654	52,308	50,602	
Ending Balance	2,053,741	3,521,863	5,293,732	6,724,692	6,768,135	6,179,138	6,610,491	12,846,884	11,677,250	9,522,852	8,463,476	8,936,406	
Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	
Deferred Account #253.04 Under Collection as of 3/31/08													\$8,936,406

Beg. Bal.	Total Underground				
	Gross DTs #	Used/Injected #	Injections		Injection/Charge \$
			Price \$	Commodity \$	
Apr-07	2,321,825	(53,017)	77400	17,970,828	66,522
May-07	2,553,967	(80,734)	78629	19,570,713	121,145
Jun-07	2,138,368	(70,232)	76227	16,300,033	122,853
Jul-07	1,695,109	(66,272)	68713	11,647,685	111,347
Aug-07	1,405,849	(33,671)	61860	8,696,578	56,015
Sep-07	1,551,663	(40,343)	56204	8,720,894	69,037
Oct-07	1,539,837	(39,448)	63226	10,213,131	67,846
Nov-07	924,729	(17,049)	73639	6,809,608	20,800
Dec-07	1,283,321	(20,656)	74742	9,591,807	25,545
Jan-08	1,59,853	(1,620)	72864	1,164,747	2,864
Feb-08	1,097,916	(16,451)	81653	8,964,851	17,382
Mar-08	779,938	(19,133)	90915	7,090,818	20,380
	17,452,375	(458,624)	7,2621	126,741,692	701,736

Total Underground				Total Underground			
W/D Change		Withdrawals		Balance		Wid Cost	
\$	#	Price \$	Amount \$	Dt's #	Amount \$	Wid Cost \$	
16,331	(795,182)	7,6614	(6,092,219)	8,183,512	62,356,982	7,6198	
0	(117,644)	7,8503	(923,540)	9,657,138	74,318,444	7,6957	
3,930	(437,328)	7,6432	(3,342,570)	12,012,727	93,086,762	7,7490	
5,027	(328,305)	7,6453	(2,509,999)	13,643,537	106,171,009	7,7818	
22,021	(795,152)	7,5074	(5,969,520)	14,944,069	115,425,068	7,7238	
0	(673,329)	7,3691	(4,961,839)	15,521,095	118,230,162	7,6174	
0	(471,663)	7,1832	(3,388,032)	16,350,086	122,058,254	7,4653	
30,878	(1,254,116)	7,3875	(9,264,766)	17,387,812	128,951,199	7,4162	
42,761	(1,829,700)	7,3442	(13,437,612)	17,041,376	126,547,718	7,4259	
100,239	(5,118,526)	7,4144	(37,950,902)	16,474,341	122,770,220	7,4522	
60,486	(2,703,031)	7,5179	(20,321,055)	11,514,048	86,087,167	7,4767	
24,649	(1,686,026)	7,7407	(13,051,054)	9,892,482	74,808,831	7,5622	
306,322	(16,210,002)	7,4777	(121,213,109)	8,967,261	68,893,624	7,6828	

	Total LING		Injections	
	Gross DTs	Used/Injected	Price	Commodity
	#	#	\$	\$
Beg. Bal.				
Apr-07	319,091	(903)	7.8757	2,513,077
May-07	572,540	(8,184)	7.8193	4,476,871
Jun-07	482,164	(7,920)	7.8131	3,767,187
Jul-07	261,618	(5,224)	7.1397	1,867,877
Aug-07	309,060	(6,169)	6.2724	1,938,548
Sep-07	188,146	(3,766)	5.4858	1,032,139
Oct-07	416,609	(8,339)	6.5808	2,741,639
Nov-07	398,433	(5,649)	7.6336	3,041,468
Dec-07	282,219	(5,649)	0.0000	2,217,372
Jan-08	13,439	(269)	7.6343	102,597
Feb-08	106,705	(2,137)	0.0000	932,051
Mar-08	114,773	(2,297)	9.4077	1,079,755
	3,464,797	(56,506)	7.4205	25,710,581
				0

Total LNG				Total LNG			
Withdrawals				Balance			
W/D Chg/Exp Def	DTs	Price	Amount	DTs	Amount	Wtd Cost	
\$	#	\$	\$	#	\$	\$	
10,157	(227,578)	7.6924	(1,750,616)	2,781,532	20,906,981	7.5164	
130,516	(13,303)	7.3726	(98,078)	2,872,142	21,679,599	7.5482	
121,345	(43,259)	7.6793	(332,197)	3,423,195	26,188,909	7.6504	
12,293	(33,276)	7.5918	(252,625)	0	29,745,243	7.7177	
34,990	(747,995)	7.6195	(5,699,372)	0	3,854,180	7.6945	
9,998	(26,389)	7.5929	(200,368)	0	3,072,298	7.6116	
35,637	(259,109)	7.3352	(1,900,625)	0	4,632,194	7.6116	
130	(107,053)	7.4430	(796,800)	0	3,790,185	7.5164	
69,404	(511,853)	7.4576	(3,817,181)	0	3,939,346	7.4544	
45,075	(1,289,991)	7.4744	(9,641,878)	0	4,225,077	7.4816	
12,776	(359,550)	7.6126	(4,259,629)	0	3,989,794	7.5392	
32,053	(69,460)	7.7899	(541,088)	0	2,712,973	7.5878	
514,374	(3,888,816)	7.5370	(29,290,457)	0	20,585,561	7.6487	
				0	17,270,759	7.7538	
				0	2,301,007	7.841,479	

PIEDMONT NATURAL GAS COMPANY, INC.
RISK MANAGEMENT - HEDGING PROGRAM
GAIN/(LOSS) RECOGNIZED AND OTHER EXPENSES
FOR TWELVE MONTHS ENDED MARCH 31, 2008

Month	Type of Contract	No. of Contracts #	(Gain) or Loss \$	Trading Fees \$	(Gain) or Loss Recognized \$	Interest \$	RMI Fee \$	Real-Time Pricing Fee \$	Net (Gain) or Loss \$	Cumulative (Gain) or Loss \$
<u>Beginning Balance</u>										
Apr-07	Options	50	(153,451)	775	(152,676)	19,903	395	59	(132,319)	3,491,414
May-07	Options	54	(173,340)	837	(172,503)	19,077	366	59	(153,001)	3,359,095
Jun-07	Options	337	511,235	5,224	516,459	20,165	395	59	537,078	3,206,094
Jul-07	Options	265	1,072,706	4,108	1,076,814	24,893	395	59	1,102,161	3,743,172
Aug-07	Options	415	1,590,611	6,433	1,597,044	31,506	395	59	1,629,004	4,845,333
Sep-07	Options	413	(204,068)	6,402	(197,666)	35,140	395	60	(162,071)	6,474,337
Oct-07	Options	107	(821,950)	1,659	(820,291)	32,492	791	59	(786,949)	5,525,317
Nov-07	Options	142	1,109,801	2,201	1,112,002	(678)	0	60	1,111,384	6,636,701 (1)
Dec-07	Options	207	(355,295)	3,209	(352,086)	(429)	395	60	(352,060)	6,284,641
Jan-08	Options	101	(174,962)	1,566	(173,396)	(1,141)	791	60	(173,686)	6,110,955
Feb-08	Options	131	(549,037)	2,031	(547,006)	(29)	0	60	(546,975)	5,563,980
Mar-08	Options	117	(176,060)	2,001	(174,059)	(24)	395	60	(173,628)	5,390,352
		2,339	1,676,190	36,446	1,712,636	180,875	4,713	714	1,898,938	

Note 1: Piedmont transferred the cumulative loss of \$6,636,701 in the hedging program to the 253.04 account in November 2007. For November 2007, interest on the cumulative balance was not calculated as part of the hedging program but was calculated as part of the interest calculation in the 253.04 account. Beginning in December 2007, the monthly net hedging (gains) or losses before interest were transferred to the 253.04 account and included as part of the interest calculation on the 253.04 account.